

**DEPARTMENT OF PUBLIC SAFETY**  
Chapter 38  
Statutory Authority: 1976 Code Section 56-10-640

Article 3, Subarticle 15 "Motorist Insurance Identification Database"

**Synopsis:**

These new regulations outline procedures to be followed by the Department and the Insurance Industry to implement the Motorist Insurance Identification Database Program Act of 2002. The regulations outline the information to be reported by the Insurance Industry, method for reporting and frequency of reporting under this program.

**Instructions:** Add text of new Regulations 38-400 through 38-409.

**Text**

**Text**

400. Introduction

The South Carolina (SC) Department of Public Safety, Division of Motor Vehicles (DMV) is implementing the South Carolina Automobile Liability Insurance Reporting (SC ALIR) System that collects automobile liability insurance information from insurers that are licensed to provide automobile liability insurance in the state. The DMV will cross-reference the collected information to South Carolina driver and vehicle data to identify registered vehicles that do not meet the minimum automotive liability insurance requirements of the state.

401. Definition

A. Cancellation or Refusal to Renew Date is the date provided in the notice required by Section 38-77-120.

B. Implementation Guide is the Document developed by the Working Group to govern the policies and procedures required for the administration of the SC ALIR.

C. Newly Licensed Driver's List is the list defined in Section 56-10-640 and will be provided to insurers for a fee prescribed by the Department.

D. SR-22 is defined as the notification filed with the department to show proof of future financial responsibility as required by section 56-9-550.

E. SR-26 is defined as the notification filed with the department to show that an insurer has cancelled the financial responsibility coverage as required in 56-9-550.

402. Method of Communication Option

A. The SC ALIR System will provide insurers with the following options for data communications with the SC ALIR System:

1. Internet File Transfer Protocol (FTP) accepting both Electronic Data Interchange (EDI) and Text document.

2. Value Added Network (VAN) accepting EDI documents
3. Internet Hyper-Text Transfer Protocol (HTTP) or Web accepting direct data entry
4. Other forms of communication approved by the Department in the Implementation Guide, upon recommendation of the working group.

B. During registration with the SC ALIR System, each insurer will select the communication. This selection applies to both sending data to the SC ALIR System and receiving data from the system. During registration, each insurer will also select the data document type to be exchanged with the system, based on the selected communication option.

C. Insurers will be responsible for the costs associated with programming their systems to utilize the options for data communications with the SC ALIR System.

#### 403.0 File Transfer Protocol (FTP) Data Communication

Insurers that wish to transmit large files to the SC ALIR System without incurring the costs of a VAN may use the FTP option. Secured FTP accounts and folders will be created within the SC ALIR System for the insurers that choose the FTP option while registering with the SC ALIR System. Login, folder structure and other necessary information will be provided to insurers to allow access their specific folders.

#### 403.1 Value Added Network (VAN) Data Communication

Insurers may select the VAN option. Insurers using the VAN option will have to set up mailboxes and communications. Insurers utilizing the VAN option will be required to pay an additional fee which will be placed by the Comptroller General into a special restricted account to be used by the Department to defray the expenses of the division in administering this program.

#### 403.2 Web Data Communication

For low reporting volumes, insurers may prefer the option of entering data directly on the SC ALIR System's secure website. All registered users will have the ability to submit data over the web. However only users that have selected Web as the communication option will be able to retrieve Error Transactions via the web. After insurers have successfully registered, they will be provided with a unique user name and password to access the secure website. The confidentiality and continued security of the username and password will be the insurer's responsibility.

#### 404. File Formatting Options

Insurers submitting data using FTP will have the option of submitting either text or EDI files. Insurers using the VAN will only be able to submit EDI files. The file formatting option will be selected during registration.

#### 404.1 Electronic Data Interchange Documents

The SC ALIR System supports the American National Standards Institute, Accredited Standards Committee (ANSI ASC) X12 Standard, Transaction Sets 811 and 997, Release 3050. This standard has been identified for use in state government ALIR applications by insurance industry trade groups such as the Insurance Industry Committee on Motor Vehicle Administration (IICMVA) and is already in use by some other state DMVs for Automobile Insurance Liability Reporting.

#### 404.2 Text Documents

Insurers will have the alternative of using Text data interchange with the SC ALIR System. A Text data interchange format will be specified to support the needs of the SC ALIR System.

#### 405. Data Security

##### A. FTP

The SC ALIR System will implement FTP using a Secured Sockets Layer (SSL) enabled FTP server and a PGP option will also be provided. An SSL enabled FTP client is required to exchange files with the server. The SC ALIR Program will supply an SSL enabled FTP client for the Microsoft Windows family of operating systems on request of any insurer.

##### B. Web

All data submitted/retrieved over the web will also be encrypted using SSL.

##### C. VAN

The Value Added Network is a private network that ensures data security.

#### 406. Types of Transactions

##### 406.1 Transactions Reported by the Insurers

A. The following types of transactions will be reported by the insurers:

1. All mid-term non-pay cancellations.
2. All mid term cancellations where an insured requests cancellation of the policy before the policy has expired except for the following: the insured produces satisfactory proof from the Department that he has sold or otherwise disposed of the insured vehicle or surrendered its tags and registration; the insured has secured another policy that meets the financial responsibility requirements prescribed in the law.
3. All non-renewals for underwriting reasons by the insurer.

4. All FR-11 satisfaction transactions for new/renewed policies that have been added/reinstated in response to FR-4 notices (Compliance Reporting).

B. The following transactions will be reported only over the web:

1. Add SR 22 Filing
2. SR 26 Policy Cancel
3. Cancel Vehicle from SR 22 Filing

#### 406.2 Transactions Sent by Insurers to the SC ALIR system

The Department will not assess any fines against insurers during the first twelve months of implementation. Thereafter if the acceptable error rate exceeds 20 percent, the Department will fine insurers \$500 for each transmission that exceeds the error rate. Fines and acceptable error rates will be reviewed annually by the working group, established pursuant to Section 56-10-640, and adjusted if necessary. All fines assessed under this provision will be placed by the Comptroller General into a special restricted account to be used by the Department to defray the expenses of the division in administering this program. Errors will be defined in the Implementation Guide.

#### 407. Types of Policies

The following types of policies should be reported:

- A. Only private passenger automobile liability insurance.
- B. Only policies for motor vehicles registered and insured in South Carolina.
- C. Only vehicle specific insurance.
- D. No commercial policy form should be reported.

#### 408. Data Elements

The insurers will report the data elements defined in the Implementation Guide.

#### 409. Implementation Guide

The Implementation Guide will be revised as necessary, upon recommendation of the working group. Insurers will be provided with a minimum of ninety days notification of changes to the Implementation Guide.

**Statement of Rationale:** The Department developed these regulations with the assistance of a working group established by the Motorist Insurance Identification Database Program Act of 2002. The working group consisted of a Representative from the General Assembly, members of the Insurance Industry, Department of Insurance and Department of Public Safety.

**Preliminary Fiscal Impact:** The Department anticipates the fiscal impact to the Department will be approximately \$875,000 to implement the program and \$800,000 annually thereafter to maintain the program. The Department anticipates the cost to industry members will vary depending on the method of communication selected by the insurer.